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Message Text

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15
ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 PA-01 PRS-01 SAB-01 L-03 H-02 /086 W
---------- 074702
R 211903Z OCT 75
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 0688
INFO AMEMBASSY CARACAS
AMEMBASSY PANAMA
ALL CONSULATES IN MEXICO UNN

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E. O. 11652: N/A
TAGS: EGEN, ETRD, PFOR, MX
SUBJECT: MEXICO AND SELA

REF: CARACAS 10726; PANAMA 6339

1. SUMMARY: ENCOURAGED BY FRANCISCO JAVIER ALEJO, GOM SECRETARY OF NATIONAL PATRIMONY AND HEAD MEXDEL, MEXICAN PRESS IN RECENT DAYS HAS GIVEN HEAVY, FAVORABLE COVERAGE TO ESTABLISHMENT OF SISTEMA ECONOMICO LATINOAMERICANO (SELA) AT LA MINISTERIAL-LEVEL MEETINGS IN PANAMA. MANY BENEFITS OF SELA CREATION HAVE BEEN NOTED, RANGING FROM POSSIBLE TO HIGHLY IMPROBABLE. DESPITE THIS FLURRY OF PUBLICITY, EMBASSY NOTES A DIMINUTION OF ENTHUSIASM HERE, DUE PERHAPS IN PART TO FACT THAT ORIGINATOR OF SELA IDEA, PRESIDENT ECHEVERRIA, IS LAME DUCK, AND THAT PRINCIPAL PROPONENT ALEJO IS NOT GENERALLY THOUGHT TO BE PARTICULAR FAVORITE OF PRI PRESIDENTIAL CANDIDATE LOPEZ PORTILLO. THERE IS SOME FEELING HERE THAT VENEZUELA (WHICH WILL BE SITE OF SELA HEADQUARTERS) AND CUBA
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(IN TERMS OF FULL ACCESS TO NEW LA ECONOMIC FORUM)

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WILL BE GREATEST BENEFICIARIES. END SUMMARY.

2. FORMAL CREATION OF SISTEMA ECONOMICO LATINOAMERICANO (SELA) AT PANAMA MEETING OCTOBER 17 CAUSED FLURRY IN MEXICO PRESS APPARENTLY IN LARGE PART INSPIRED BY MEXICO'S YOUNG, CONTROVERSIAL SECRETARY OF NATIONAL PATRIMONY FRANCISCO JAVIER ALEJO, WHO HEADED MEXDEL AT MINISTERIAL MEETING. ALEJO GAVE A NUMBER OF INTERVIEWS WITH MEXICAN AND INTERNATIONAL PRESS ASSOCIATION JOURNALISTS DURING OCTOBER 15-18 PRIOD, AND LOST NO OPPORTUNITY TO EXTOLL VIRTUES OF NEW ORGANIZATION, FIRST PROPOSED BY PRESIDENT LUIS ECHEVERRIA OF MEXICO DURING VISIT TO LIMA IN JUNE 1974. (ALEJO, WHO HAS SERVED IN HIS PRESENT POST SINCE JANUARY 3, 1975 HAS BEEN GIVEN BY MEXICAN PRESIDENT PRIMARY RESPONSIBILITY FOR ENCOURAGING CREATION OF SELA AMONG LA NATIONS.)

3. BENEFITS TO LA FROM CREATION OF SELA HAVE BEEN WIDELY REPORTED IN PRESS, AND RANGE FROM LOW-KEY REMARKS THAT SELA WILL PROVIDE TECHNICAL SECRETARIAT CAPABLE OF RECOMMENDING AREAS IN WHICH LA PUBLIC-SECTOR AGENCIES OF DIFFERENT NATIONS CAN JOIN FOR ECONOMIC DEVELOPMENT PURPOSES TO SCREAMING HEADLINES THAT "WITH SELA, LATIN AMERICA HAS FINALLY ACHIEVED ITS LONG-SOUGHT ECONOMIC INTEGRATION."

4. ON THE MORE MODERATE SIDE, IT WAS NOTED THAT SELA WOULD: 1) EXAMINE COMMON OBJECTIVES AND STRATEGY FOR REGIONAL ECONOMIC DEVELOPMENT; 2) SUGGEST NEW DEVELOPMENT ACTION PLANS FOR MEMBER NATIONS; 3)DESIGN AND RECOMMEND MECHANISMS TO PERMIT COLLECTIVE EFFORTS IN REGIONAL DEVELOPMENT; 4) COMBINE FORCES TO PERMIT LESS EXPENSIVE ACQUISITION OF NEEDED TECHNOLOGY; AND 5) PROVIDE FINANCIAL RESOURCES TO LA AGRICULTURAL SECTOR TO HELP COMBAT ENDEMIC PROBLEM OF HUNGER THROUGHOUT HEMISPHERE. NAMING OF ECUADOREAN ECONOMIST AND FORMER IMF DIRECTOR JAIME MONCAYO GARCIA AS SECRETARY GENERAL OF SELA WAS HAILED AS PROVIDING HIGH LEVEL OF TECHNICAL EXPERTISE IN SELA ORGANIZATION.

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5. ON A MORE GRANDIOSE SCALE, IT WAS SUGGESTED THAT SELA: 1) WOULD BE THE PATRON OF A HEMISPHERE DEVELOPMENT BANK WHICH WOULD FINANCE THE EXPORT OF REGIONAL PRODUCTS (PRELIMINARY MEETINGS ON THIS PROJECT ARE TO BE HELD "SOON" IN MEXICO, IT WAS REPORTED); 2)WOULD PUT THE BRAKES ON THE EXPANSION OF THE ACTIVITIES ON TRANSNATIONALS (THROUGH CONTINUING INVESTIGATION OF THEIR ACTIVITIES AND AGREEMENT ON A "CODE OF CONDUCT" FOR ANY TRANS-

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NATIONAL WHICH WISHED TO OPERATE IN LA); AND 3) WOULD
PROVIDE A PRAGMATIC ALTERNATIVE TO SUCH "DEAD AND DYING"
REGIONAL ECONOMIC ORGANIZATIONS AS THE LATIN AMERICAN FREE
TRADE AREA(LAFTA). SELA HAS ALSO BEEN LINKED IN RECENT DAYS
TO SUPPORT OF UNION DE PRODUCTORES Y EXPORTADORES DE BANANOS (UPEB),
AND WAS NAMED AS PATRON OF THE NEW ORGANIZACION DE PAISES
EXPORTADORES DE AZUCAR (SEE MEXICO 8833 AND LIMA 8409).
SELA, ACCORDING TO PRESS REPORTS, WILL ALSO PROVIDE SUPPORT
FOR VENEZUELA AND ECUADOR IN ITS STRUGGLE AGAINST U.S.
DISCRIMINATION UNDER GSP PROVISIONS IN TRA.

6. IN HIS ANNOUNCEMENT OF THE 25-0 VOTE FOR THE CREATION OF SELA,
PANAMANIAN MINISTER OF PLANNING AND ECONOMY HAD BALANCED PRAISE
BOTH FOR PRESIDENT ECEHVERRIA, WHO NOT ONLY PROPOSED CREATION OF
SELA, BUT WHOSE CHARTER OF ECONOMIC RIGHTS AND DUTIES OF STATES
(CERDS) PROVIDES THE INTERNATIONAL FRAMEWORK FOR SELA'S CREATION,
AND FOR PRESIDENT PEREZ OF VENEZUELA, WHO HAS VERY ACTIVELY URGED
SELA'S CREATION.

7. COMMENTS: (A) DESPITE RECENT PUBLICITY IN CONNECTION WITH
PANAMA MEETINGS ON SELA, WE HAVE NOTED (AT LEAST OUTSIDE ALEJO'S
SECRETARIAT) SOME SLACKENING OF INTEEREST IN THE SELA CONCEPT.
INDEED, SOME GOM OFFICIALS AND A NUMBER OF PRIVATE SECTOR LEADERS
WERE NEVER VERY ENTHUSIASTIC. PRESIDENT ECHEVERRIA, WHILE VERY
MUCH TO BE RECKONED WITH IN COMING MONTHS, NOW FALLS IN THE
TRADITIONAL MEXICAN LAME DUCK STATUS FOLLOWING THE NAMING OF
JOSE LOPEZ PORTILLO AS THE PRI PRESIDENTIAL CANDIDATE, AND IT
IS WIDELY BELIEVED IN KNOWLEDGEABLE MEXICAN CIRCLES THAT THE
YOUNG, BRASH ALEJO IS NO FAVORITE OF THE (ALMOST-CERTAIN) FUTURE
PRESIDENT. IT IS GENERALLY RECOGNIZED THAT VENEZUELA, CHOSEN
AS THE PERMANENT SITE OF THE SELA SECRETARIAT, AND BACKED BY
PETRODOLLARS, IS IN A GOOD POSITION TO USE SELA AS A VEHICLE
FOR EXTENDING ITS INFLUENCE OVER LA, PARTICULARLY CENTRAL
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AMERICA. CUBA, OF COURSE, CAN BENEFIT FROM SELA AS AN LA ECONOMIC
FORUM IN WHICH IT WILL HAVE FULL VOICE AS ONE OF THE CHARTER MEMBERS.
BENEFITS ACCRUING TO A POST-ECHEVERRIA MEXICO ARE SEEN AS LESS
CLEAR; (B) U.S. POSTURE. DURING LAST SEVERAL WEEKS A
FEW NEWSPAPERS HAVE WEAKLY AND WISHFULLY TRIED TO ASSERT
THAT SELA WAS CREATED OVER U.S. OPPOSITION.
WE BELIEVE THAT IN ADOPTING A LOW-KEY, HANDS-OFF POSTURE
THE USG HAS BEEN VERY SUCCESFUL IN DISARMING THOSE WITHIN
SELA WHO WOULD LIKE IT TO BECOME MORE CONFRONTATIONAL IN
NATURE VIS-A-VIS THE U.S. WE RECOMMEND THAT THIS NEUTRAL
(AND IN GENERAL TERMS OF "SELF-HELP" AND "LA INITIATIVES"
PERHAPS EVEN APPROVING) POSTURE BE CONTINUED.
BRANDIN

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